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Tickler for 14 January 1980:

Discussion with John McMahon on the long-range issue.

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SAUDIS WANT U.S. TO TAX OIL PROFITS

BY R. GREGORY NOKES

ASSOCIATED PRESS WRITER

RIVADH, Saudi Arabia (AP) - Treasury Secretary G. William Miller said Saudi officials told him on Saturday that they want Congress to cut back American oil company profits or face a new round of price increases.

"THEIR MESSAGE IS: EITHER YOU PUT ON A WINDFALL PROFITS TAX; OR WE WILL BE RAISING PRICES" AND "THEY FEEL THEY'VE BEEN TAKEN ADVANTAGE OF BY THE OIL COMPANIES," MILLER SAID AFTER MEETING WITH THE OFFICIALS.

THE THREE-DAY VISIT HERE IS THE FIRST STOP IN A SIX-DAY MIDEAST SWING THAT ALSO WILL TAKE MILLER TO ABU DHABI AND KUWAIT. BUT SAUDI ARABIA, WHICH PROVIDES 1.4 MILLION BARRELS, OR NEARLY A QUARTER, OF THE OIL AMERICA IMPORTS DAILY, IS THE COUNTRY WITH THE RESERVES TO NEGATE THE IRANIAN OIL CUTOFF TO THE UNITED STATES. IRAN ENDED ITS U.S. EXPORTS WHEN THE UNITED STATES REFUSED TO TURN OVER THE EXILED SHAH MOHAMMAD REZA PAHLAVI IN EXCHANGE FOR AMERICAN HOSTAGES STILL HELD IN THE OCCUPIED U.S. EMBASSY IN TEHRAN.

MILLER IS HERE TO TRY TO PERSUADE THE SAUDIS TO MAINTAIN THEIR OIL PRODUCTION AT 9.5 MILLION BARRELS PER DAY AND NOT CUT IT BY 1 MILLION BARRELS, AS SOME SAUDI SOURCES HAVE INDICATED MAY HAPPEN.

IN EXCHANGE, MILLER SAID HE TOLD THE SAUDIS, THE UNITED STATES WILL TAKE NEW, UNDISCLOSED ACTIONS TO CURTAIL OIL CONSUMPTION AND RELIEVE PRESSURE ON WORLD OIL PRICES.

HE SAID HE TOLD SAUDI OFFICIALS AMERICA HAS REDUCED OIL CONSUMPTION 2.5 PERCENT THIS YEAR BELOW THE LEVEL OF LAST YEAR AND THAT CONSUMPTION IN THE FIRST QUARTER OF THE YEAR WAS DOWN 7.8 PERCENT FROM THE THIRD QUARTER OF LAST YEAR.

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